

**UNITED STATES BANKRUPTCY
COURT FOR THE NORTHERN
DISTRICT OF TEXAS FORT WORTH
DIVISION**

IN RE:	§	CHAPTER 11
	§	
FOUNDATION HEALTHCARE, INC.,	§	CASE NO. 17-42571
	§	
DEBTOR.	§	Complex Case
	§	Jointly Administered

IN RE:	§	CHAPTER 11
	§	
	§	
UNIVERSITY GENERAL HOSPITAL, LLC,	§	CASE NO. 17-42570-11
	§	
DEBTOR.	§	Complex Case
	§	Jointly Administered
		Under Lead Case

**DECLARATION OF JUNG W. SONG ON BEHALF OF DONLIN, RECANO &
COMPANY, INC. REGARDING VOTING AND TABULATION OF BALLOTS
ACCEPTING AND REJECTING DEBTORS' FIRST AMENDED JOINT CHAPTER 11
PLAN OF LIQUIDATION DATED AS OF AUGUST 8, 2017**

I, Jung W. Song, declare, under penalty of perjury to the best of my knowledge, information, and belief:¹

1. I am a Managing Director at Donlin, Recano & Company, Inc. (“**DRC**”), located at 6201 15th Avenue, Brooklyn, New York 11219. I am over the age of 18 years and competent to testify.

2. I submit this Declaration with respect to the *Debtors’ First Amended Chapter 11 Plan of Liquidation Dated as of August 8, 2017* [Docket No. 106] (as may be amended, modified, and supplemented, the “**Plan**”). Except as otherwise indicated, all facts set forth herein

¹ All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan and the Conditional Order (each as defined below), as applicable.

are based upon my personal knowledge, information supplied to me by the Debtors or their advisors, including DRC, and my review of relevant documents. If I were called to testify, I could and would testify competently as to the facts set forth herein on that basis.

3. In accordance with the *Supplement to Application for an Order Appointing Donlin, Recano & Company, Inc. as Claims and Noticing Agent for the Debtors Pursuant to 28 U.S.C § 156(c), Effective as of the Petition Date* [Docket No. 120], DRC assisted the Debtors in connection with, *inter alia*, soliciting, receiving, and tabulating Ballots accepting or rejecting the Plan.

I. Service and Transmittal of Solicitation Packages and Related Information

4. Pursuant to the Plan, holders of Claims in Classes 1, 4, and 5 as of the Voting Record Date were entitled to vote to accept or reject the Plan (the “**Voting Classes**”).

Class	Type of Claim
Class 1	Allowed Secured Claims of Prepetition Lenders
Class 4	Allowed Priority Non-Tax Claims
Class 5	Allowed General Unsecured Claims

5. The procedures for the solicitation and tabulation of votes on the Plan are set forth in the *Order (1) Conditionally Approving the Disclosure Statement, (2) Approving Form of Notice of Combined Hearing on Final Approval of the Disclosure Statement and Confirmation of the Plan, (3) Establishing Procedures for Voting for Voting on the Plan, (4) Fixing Date for Returning Acceptance or Rejections of the Plan, (5) Fixing Date for Filing Objections to the Disclosure Statement and Confirmation, (6) Setting Deadlines by which Governmental Entities must File Proofs of Claim, and (7) Setting Hearing on Final Approval of the Disclosure Statement*

and Confirmation of the Plan [Docket No. 102] (the “**Conditional Order**”). DRC was instructed to solicit, review, determine the validity of, and tabulate Ballots submitted to vote for the acceptance or rejection of the Plan by the holders of Claims in the Voting Classes in accordance with the Conditional Order.

6. On or around August 10, 2017, DRC posted links on the Debtors’ restructuring website maintained by DRC at <http://www.donlinrecano.com/fhi> to provide parties with access to, among other documents, copies of the Plan, the *Disclosure Statement in Support of Debtors’ First Amended Joint Chapter 11 Plan of Liquidation Dated as of August 8, 2017* [Docket No. 105], the Conditional Order, and the Confirmation Hearing Notice.

7. In accordance with the Conditional Order, on August 9, 2017, DRC caused Solicitation Packages to be distributed to holders of Claims in the Voting Classes as of the Voting Record Date. DRC staff supervised the collating and mailing of the solicitation materials at the offices of DRC to the relevant parties as summarized below.

Foundation Healthcare, Inc. Voting and Non-Voting Package Breakdown					
Class/Group	Description	Items included in package	Qty	Date Mailed	Service Type
Class 1	Secured Claims of Prepetition Lenders	1. Ballot for Accepting or Rejecting Plan	1002 parties	8/9/2017	USPS First Class
Class 4	Priority Non-Tax Claims	2. Confirmation Notice			
Class 5	General Unsecured Claims	3. Disclosure Statement (including plan)			
		4. Order (without exhibits)			
MSL	Master Service List	1. Confirmation Notice	62 parties	8/9/2017	USPS First Class
	IRS	2. Disclosure Statement (including plan)			
	US Trustee	3. Order (without exhibits)			
Remaining Creditors	All creditors not entitled to vote	1. Confirmation Hearing Notice	17960 parties	8/11/2017	USPS First Class
	All equity security holders, as of Voting Record Date				
	All former Patients included in the Patient Matrix				
Nominees	Nominees	1. Confirmation Notice	1121 parties	8/10/2017	USPS First Class
		2. DRC instructional letter to nominees			
Financial Noticing Company	Broadridge Financial Solutions	1. Confirmation Notice	525 sets	8/11/2017	FedEx Overnight
Financial Noticing Company	Mediant Communications Inc.	1. Confirmation Notice	10 sets	8/11/2017	FedEx Overnight

II. General Tabulation Process

8. As specified in the Conditional Order, August 8, 2017 (the “**Voting Record Date**”) was established as the record date for determining the holders of Claims in the Voting Classes who would be entitled to vote to accept or reject the Plan.

9. Pursuant to the Conditional Order, DRC relied on the following information to identify and solicit holders of Claims and Interests in the Voting Classes: (a) the *Schedules of Assets and Liabilities* filed with the Court by Foundation Healthcare Inc. on July 6, 2016 [Docket No. 36] and the *Amended Schedules of Assets and Liabilities* filed with the Court by Foundation Healthcare Inc. on August 4, 2017 [Docket No. 90] ; (b) the *Schedules of Assets and Liabilities* filed with the Court by University General Hospital, LLC on July 6, 2016 [Docket No. 42] and the *Amended Schedules of Assets and Liabilities* filed with the Court by University General Hospital, LLC on August 4, 2017 [Docket No. 94] (c) the official claims register maintained by DRC as of August 8, 2017 and (d) claims information pertaining to the Debtors' chapter 11 cases as reflected in DRC's internal database to which this information was loaded. Using this information, and with guidance from the Debtors and their advisors, DRC created a voting database reflecting the name, address, voting amount, and classification of Claims in the Voting Classes. Using this voting database, DRC generated Ballots for holders of Claims entitled to vote to accept or reject the Plan.

10. Ballots returned by mail, hand delivery, or overnight delivery were received by personnel of DRC at its office in Brooklyn, New York. Ballots received by DRC were processed in accordance with the Conditional Order. Upon receiving Ballots, DRC took the following actions:

- a. The envelopes containing the Ballots were opened, and the contents were removed and stamped with the date and time received. Each Ballot was then scanned into DRC's system and sequentially numbered (the "**Sequence Number**"); and
- b. DRC then entered into a computer database all pertinent information from each of the Ballots, including among other things, the date and time the Ballot was received, the Sequence Number, the voting dollar amount, whether the creditor submitting the Ballot elected to opt-out of releases contained in Article 10.1.3 of the Plan and whether the creditor submitting the Ballot voted to accept or reject the Plan.

11. In order for a Ballot to be counted as valid, the Ballot must have been properly completed in accordance with the Conditional Order and executed by the relevant holder, or such holder's authorized representative, and must have been actually received by DRC by 5:00 p.m. (prevailing Central Time) on September 1, 2017 (the "**Voting Deadline**"). All Ballots were to be delivered to DRC as follows: (a) if by hand delivery or overnight courier, to Donlin, Recano & Company, Inc., Re: Foundation Healthcare, Inc., et al., Attn: Voting Department, 6201 15th Avenue, Brooklyn, New York 11219; or (b) if by regular mail, to Donlin, Recano & Company, Inc., Re: Foundation Healthcare, Inc., et al., Attn: Voting Department, P.O. Box 192016, Blythebourne Station, Brooklyn, New York 11219.

12. All validly executed Ballots cast by holders of Claims in the Voting Classes received by DRC on or before the Voting Deadline were tabulated as outlined in the Conditional Order.

13. DRC is in possession of the Ballots received by it, and copies of the same are available for review during DRC's normal business hours at 6201 15th Avenue, Brooklyn, New York 11219.

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III. The Voting Results

14. The results of the aforesaid tabulation of properly executed Ballots received on or before the Voting Deadline are set forth below and in the report annexed hereto as **Exhibit A** (the “**Final Tabulation Results**”).

CLASSES	TOTAL BALLOTS RECEIVED			
	Accept		Reject	
	AMOUNT (% of Amount Voted)	NUMBER (% of Number voted)	AMOUNT (% of Amount Voted)	NUMBER (% of Number Voted)
Class 1 – Allowed Secured Claims of Prepetition Lenders Claims. (Foundation Healthcare, Inc.)	\$6,284,895.28 (100%)	1 (100%)	\$00.00 (0.00%)	0 (0.00%)
Class 1A – Allowed Secured Claims of Prepetition Lenders Claims. (University General Hospital, LLC)	\$7,622,000.00 (100%)	1 (100%)	\$00.00 (0.00%)	0 (0.00%)
Class 4 – Allowed Priority Non-Tax Claims	\$5,700.00 (100%)	1 (100%)	\$00.00 (0.00%)	0 (0.00%)
Class 5 – Allowed General Unsecured Claims (Foundation Healthcare, Inc.)	\$20,856.67 (7.70%)	5 (83.33%)	\$250,000.00 (92.30%)	1 (16.67%)
Class 5A – Allowed General Unsecured Claims (University General Hospital, LLC)	\$450,936.71 (94.57%)	15 (75.00%)	\$25,901.50 (5.43%)	5 (25.00%)

15. At the direction of the Debtors' counsel, the Ballot submitted directly to the Debtors' counsel by Jocelyn Allgood (Ballot ID: 000435) which was forwarded to the Voting Agent via electronically on August 31, 2017 is included in the Final Tabulation Results.

16. A complete list of all defective Ballots with explanatory defective codes is set forth on **Exhibit B**.

17. **Exhibit C** sets forth the voting results including the implementation of the stipulation between the Debtors and Texas Capital Bank ("TCB"), for voting purposes only, as to the allocation of TCB's secured claims and unsecured deficiency claims. Accordingly, TCB's secured claims against the Debtors are set herein for purposes of voting in the amount of \$7,800,000.00 to be split evenly between the Debtors, with the remaining unsecured claims treated as deficiency claims, and therefore general unsecured claims, in the following amounts:²

- Foundation Healthcare Inc. - \$2,384,985.28
- University General Hospital LLC - \$3,722,000.00

18. A complete list of all Ballots with opt-out of the releases is set forth on **Exhibit D**.

I declare under penalty of perjury that the foregoing is true and correct and to the best of my knowledge, information and belief.

Dated: September 5, 2017
Brooklyn, New York

/s/ Jung W. Song
Jung W. Song
Donlin, Recano & Company, Inc.

² The Debtors and TCB have agreed to stipulate, for voting purposes only, the allocation of TCB's secured claims and unsecured deficiency claims as set forth on **Exhibit C**.

EXHIBIT A

FOUNDATION HEALTHCARE, INC. Tabulation Report as of 9/1/2017														
Class	Ballot ID	Acct No.	Creditor Name	Authorized Vote Amt	Indicated Amt	Variance	Vote	ACC	RJC	Tabulated Accept Amt	Tabulated Reject Amt	Vote Date	Defect Codes	Opt-Out
1	000296	380	TEXAS CAPITAL BANK	6,284,895.28			ACCEPT	1	0	6,284,895.28	0.00	8/31/17		
			Totals for Class 1 Secured Claims of Prepetition Lenders - Foundation Healthcare, Inc.											
			Aggregate Class 1 Claim Amount Voted to Accept:	6,284,895.28	100.00%									
			Aggregate Class 1 Claim Amount Voted to Reject:	0.00	0.00%									
			Aggregate Class 1 Claim Amount Voted:	6,284,895.28										
			Aggregate Class 1 Claim Quantity Voted to Accept:	1	100.00%									
			Aggregate Class 1 Claim Quantity Voted to Reject:	0	0.00%									
			Aggregate Class 1 Claim Quantity Voted:	1										

FOUNDATION HEALTHCARE, INC. Tabulation Report as of 9/1/2017														
Class	Ballot ID	Acct No.	Creditor Name	Authorized Vote Amt	Indicated Amt	Variance	Vote	ACC	RJC	Tabulated Accept Amt	Tabulated Reject Amt	Vote Date	Defect Codes	Opt-Out
1A	000200	105	TEXAS CAPITAL BANK	7,622,000.00			ACCEPT	1	0	7,622,000.00	0.00	8/31/17		
			Totals for Class 1A Secured Claims of Prepetition Lenders - University General Hospital, LLC											
			Aggregate Class 1A Claim Amount Voted to Accept:	7,622,000.00	100.00%									
			Aggregate Class 1A Claim Amount Voted to Reject:	0.00	0.00%									
			Aggregate Class 1A Claim Amount Voted:	7,622,000.00										
			Aggregate Class 1A Claim Quantity Voted to Accept:	1	100.00%									
			Aggregate Class 1A Claim Quantity Voted to Reject:	0	0.00%									
			Aggregate Class 1A Claim Quantity Voted:	1										

FOUNDATION HEALTHCARE, INC. Tabulation Report as of 9/1/2017														
Class	Ballot ID	Acct No.	Creditor Name	Authorized Vote Amt	Indicated Amt	Variance	Vote	ACC	RJC	Tabulated Accept Amt	Tabulated Reject Amt	Vote Date	Defect Codes	Opt-Out
4	000377	7802	MARVELLINE E HARPER	5,700.00			ACCEPT	1	0	5,700.00	0.00	8/29/17		
		Totals for Class 4 Priority Non-Tax Claims - Foundation Healthcare, Inc.												
			Aggregate Class 4 Claim Amount Voted to Accept:	5,700.00	100.00%									
			Aggregate Class 4 Claim Amount Voted to Reject:	0.00	0.00%									
			Aggregate Class 4 Claim Amount Voted:	5,700.00										
			Aggregate Class 4 Claim Quantity Voted to Accept:	1	100.00%									
			Aggregate Class 4 Claim Quantity Voted to Reject:	0	0.00%									
			Aggregate Class 4 Claim Quantity Voted:	1										

FOUNDATION HEALTHCARE, INC. Tabulation Report as of 9/1/2017														
Class	Ballot ID	Acct No.	Creditor Name	Authorized Vote Amt	Indicated Amt	Variance	Vote	ACC	RJC	Tabulated Accept Amt	Tabulated Reject Amt	Vote Date	Defect Codes	Opt-Out
5	000161	397	ADDISON GROUP	3,964.74			ACCEPT	1	0	3,964.74	0.00	8/25/17		
5	000435	18424	JOCELYN ALLGOOD	1.00			ACCEPT	1	0	1.00	0.00	8/31/17		
5	000966	18966	TRAVIS CRENSHAW	250,000.00			REJECT	0	1	0.00	250,000.00	8/23/17		Opt-Out
5	000073	211	INTELLIGENT IMPLANT SYSTEMS LLC	16,310.00			ACCEPT	1	0	16,310.00	0.00	8/18/17		
5	000317	434	UNDERGROUND VAULTS AND STORAGE	579.93			ACCEPT	1	0	579.93	0.00	8/22/17		
5	000085	3795	ROBIN R WEXLER	1.00			ACCEPT	1	0	1.00	0.00	8/22/17		
			Totals for Class 5 General Unsecured Claims - Foundation Healthcare, Inc.											
			Aggregate Class 5 Claim Amount Voted to Accept:	20,856.67	7.70%									
			Aggregate Class 5 Claim Amount Voted to Reject:	250,000.00	92.30%									
			Aggregate Class 5 Claim Amount Voted:	270,856.67										
			Aggregate Class 5 Claim Quantity Voted to Accept:	5	83.33%									
			Aggregate Class 5 Claim Quantity Voted to Reject:	1	16.67%									
			Aggregate Class 5 Claim Quantity Voted:	6										

FOUNDATION HEALTHCARE, INC. Tabulation Report as of 9/1/2017														
Class	Ballot ID	Acct No.	Creditor Name	Authorized Vote Amt	Indicated Amt	Variance	Vote	ACC	RJC	Tabulated Accept Amt	Tabulated Reject Amt	Vote Date	Defect Codes	Opt-Out
5A	000980	18378	AMTEC MEDICAL INC	73.20			ACCEPT	1	0	73.20	0.00	8/17/17		
5A	000989	131	ASAHI INTECC USA INC	3,527.79			ACCEPT	1	0	3,527.79	0.00	9/1/17		
5A	000216	159	CERK SECURITY LLC	10,922.66			ACCEPT	1	0	10,922.66	0.00	8/16/17		
5A	000060	94	COMPREHENSIVE PHARMACY SVC LLC	1.00			REJECT	0	1	0.00	1.00	9/1/17		Opt-Out
5A	000285	343	COMPREHENSIVE PHARMACY SVC LLC	1.00			REJECT	0	1	0.00	1.00	9/1/17		Opt-Out
5A	000620	18615	ANDRE DENARD	1.00			ACCEPT	1	0	1.00	0.00	8/24/17		
5A	000222	184	DUCHMAN - CARDIOLOGY	12,000.00			ACCEPT	1	0	12,000.00	0.00	8/23/17		
5A	000223	186	ELEGANT VALET SVC LLC	40,740.00			ACCEPT	1	0	40,740.00	0.00	8/29/17		
5A	000992	193	FRANK STUBBS CO INC	3,412.72			ACCEPT	1	0	3,412.72	0.00	8/16/17		
5A	000431	18412	GLYNIS A SAWYER	2,077.03			ACCEPT	1	0	2,077.03	0.00	9/1/17		
5A	000087	18365	INTELLIGENT IMPLANT SYSTEMS LLC	16,310.00			ACCEPT	1	0	16,310.00	0.00	8/18/17		
5A	000127	231	LANTHEUS MEDICAL IMAGING INC	3,600.00			ACCEPT	1	0	3,600.00	0.00	8/31/17		Opt-Out
5A	000249	263	ORTHOMED	37,790.00			ACCEPT	1	0	37,790.00	0.00	8/29/17		
5A	000971	269	PARAGON 28 INC	25,897.50			REJECT	0	1	0.00	25,897.50	8/22/17		
5A	000090	41	RX REMOTE SOLUTIONS INC	1.00			REJECT	0	1	0.00	1.00	9/1/17		Opt-Out
5A	000291	351	RX REMOTE SOLUTIONS INC	1.00			REJECT	0	1	0.00	1.00	9/1/17		Opt-Out
5A	000432	18417	STT ENTERPRISES INC	4,862.00			ACCEPT	1	0	4,862.00	0.00	8/29/17		
5A	000433	18419	VELINDA SMITH	13,645.85			ACCEPT	1	0	13,645.85	0.00	8/22/17		
5A	000988	106	WOUND CARE ADVANTAGE LLC	154,941.46			ACCEPT	1	0	154,941.46	0.00	8/31/17		
5A	000062	107	XSPINE SYSTEMS INC	147,033.00			ACCEPT	1	0	147,033.00	0.00	8/25/17		
			Totals for Class 5A General Unsecured Claims - University General Hospital, LLC											
			Aggregate Class 5A Claim Amount Voted to Accept:	450,936.71	94.57%									
			Aggregate Class 5A Claim Amount Voted to Reject:	25,901.50	5.43%									
			Aggregate Class 5A Claim Amount Voted:	476,838.21										
			Aggregate Class 5A Claim Quantity Voted to Accept:	15	75.00%									
			Aggregate Class 5A Claim Quantity Voted to Reject:	5	25.00%									
			Aggregate Class 5A Claim Quantity Voted:	20										

EXHIBIT B

FOUNDATION HEALTHCARE, INC. Defective Ballots as of 9/1/2017														
Key to Defect Codes:														
A- No signature indicated on ballot														
B- Non-original signature indicated on ballot														
C- Ballot received via facsimile, email, or other electronic transmission														
D- Ballot has been superseded by a subsequently filed Ballot														
E- Ballot/voting data is illegible														
F- Voting entity does not hold a claim in Plan Class set forth on Ballot														
G- Ballot received after the Voting Deadline														
H- Ballot revoked by written request														
I- Ballot revoked by Court order														
J- Ballot indicates neither acceptance nor rejection, or both acceptance and rejection														
K- Only signature page returned														
L- Multiple Intra-class ballots														
N- Ballot submitted on behalf of claims in a non-voting class														
O- Scheduled Ballot Superseded by Filed POC Ballot														
P- Ballot submitted on behalf of director, officer or other insider														
Z- Other Defect														
Class	Ballot ID	Acct No.	Creditor Name	Authorized Vote Amt	Indicated Amt	Variance	Vote	ACC	RJC	Accept Amt	Reject Amt	Date	Codes	Opt-Out
5A	000022	97	HEALTHCARE AFFILIATES INC	330,435.00			REJECT	0	0	0.00	0.00	9/1/17	C	

EXHIBIT C

Foundation Healthcare Inc.

VOTING RESULTS OF IMPLEMENTATION OF TCB'S STIPULATED DEFICIENCY

CLASSES	TOTAL BALLOTS RECEIVED			
	Accept		Reject	
	AMOUNT (% of Amount Voted)	NUMBER (% of Number voted)	AMOUNT (% of Amount Voted)	NUMBER (% of Number Voted)
Class 1 – Allowed Secured Claims of Prepetition Lenders Claims. (Foundation Healthcare, Inc.)	\$3,900,000.00 (100%)	1 (100%)	\$00.00 (0.00%)	0 (0.00%)
Class 1A – Allowed Secured Claims of Prepetition Lenders Claims. (University General Hospital, LLC)	\$3,900,000.00 (100%)	1 (100%)	\$00.00 (0.00%)	0 (0.00%)
Class 4 – Allowed Priority Non-Tax Claims	\$5,700.00 (100%)	1 (100%)	\$00.00 (0.00%)	0 (0.00%)
Class 5 – Allowed General Unsecured Claims (Foundation Healthcare, Inc.)	\$2,405,841.95 (90.59%)	6 (85.71%)	\$250,000.00 (9.41%)	1 (14.29%)
Class 5A – Allowed General Unsecured Claims (University General Hospital, LLC)	\$4,172,936.71 (99.38%)	16 (76.19%)	\$25,901.50 (0.62%)	5 (23.81%)

EXHIBIT D

FOUNDATION HEALTHCARE, INC.														
Opt-Out Report as of 9/1/2017														
Class	Ballot ID	Acct No.	Creditor Name	Authorized Vote Amt	Indicated Amt	Variance	Vote	ACC	RJC	Tabulated Accept Amt	Tabulated Reject Amt	Vote Date	Defect Codes	Opt-Out
5	000966	18966	TRAVIS CRENSHAW	250,000.00			REJECT	0	1	0.00	250,000.00	8/23/17		Opt-Out
5A	000060	94	COMPREHENSIVE PHARMACY SVC LLC	1.00			REJECT	0	1	0.00	1.00	9/1/17		Opt-Out
5A	000285	343	COMPREHENSIVE PHARMACY SVC LLC	1.00			REJECT	0	1	0.00	1.00	9/1/17		Opt-Out
5A	000127	231	LANTHEUS MEDICAL IMAGING INC	3,600.00			ACCEPT	1	0	3,600.00	0.00	8/31/17		Opt-Out
5A	000090	41	RX REMOTE SOLUTIONS INC	1.00			REJECT	0	1	0.00	1.00	9/1/17		Opt-Out
5A	000291	351	RX REMOTE SOLUTIONS INC	1.00			REJECT	0	1	0.00	1.00	9/1/17		Opt-Out